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ABSTRACT

More speculation than information exists on the reasons large segments of the population are outside the labor force, i.e., neither working nor looking for work. One argument set forth is that many blacks are not labor force participants because they have given up the search; they do not believe jobs are available. The result is "hidden unemployment," or unemployment which studies focusing on the civilian labor force do not consider. The speculations persist because of the absence of national data on labor force nonparticipants. The Bureau of Labor Statistics has recently published the kind of data which could replace guesswork with fact. Using those data, the authors have analyzed the problem of hidden unemployment. They compare the reasons for nonparticipation as these vary by race. The results suggest that the explanations for nonparticipation are not greatly different for blacks and whites. (Author)

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NONPARTICIPATION IN THE LABOR FORCE:

BLACK-WHITE COMPARISONS

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NONPARTICIPATION IN THE LABOR FORCE: BLACK-WHITE COMPARISONS

The economic problems of black Americans, while no more severe than during earlier periods, assumed added significance during the 1960 decade. A number of developments explain the increased concern with the failure of blacks to achieve an economic status on par with that of the white population. First, the violence in the cities led to considerable interest in the causes and consequences of ghettoization. Economic problems, and particularly unemployment, were seen as closely linked with the outbreaks. The Kerner Commission viewed the exclusion of great numbers of blacks from the benefits of economic progress as a pivotal factor in the urban disorders.[1]

Second, with the "rediscovery of poverty" came the realization that blacks continued to be disproportionately represented in the ranks of the poor. Finally, the civil rights campaign moved into a phase in which attention was focused on the factors likely to inhibit the full utilization by blacks of recently acquired legal rights. Again, the evidence suggested that economics would be a primary factor.

While the initial stimuli varied, those interested in the position of the black in American society came to share the view that job opportunities for blacks must be central concerns. Of particular importance, they maintained, are the employment problems that the black population faces. The seriousness of these problems is reflected in part in the unemployment rate, a widely used indicator of economic conditions. As we shall presently see, this rate reveals a continual gap between black and white America.

It has been suggested that even the unemployment figure does not capture completely the employment plight of blacks. Since the unemployment rate includes only persons within the labor force, large numbers of jobless

blacks may not be taken into account.[2] Of this Shephard and Striner have written: "Much of the unemployment problem is hidden since many Negroes, especially the longterm unemployed who have simply given up the search for jobs and the teenagers who have hardly entered the labor market, are not counted officially as unemployed."[3] The hidden unemployment among blacks, especially in relation to that among whites, is the topic of the present discussion. The concept "hidden unemployment" implies that many eligible workers do not search for work because they regard the search as futile. We have little evidence on a national scale that this is indeed a primary reason for nonparticipation. The Bureau of Labor Statistics has only recently published the type of data necessary for a study of hidden unemployment at the national level. We have used these data in order to determine the degree to which discouragement impedes the search for work. More specifically, we wish to ascertain whether hidden unemployment is indeed more extensive among blacks than among whites.

On Unemployment

Before examining the hidden unemployment problem, let us review the general unemployment situation since there is some evidence that the two areas are related. An analysis of over 70 metropolitan areas by Bowen and Finegan shows that unemployment rates are associated with labor force participation, such that a direct correlation obtains between the two. They maintain that unemployment, particularly if it is prolonged, discourages active job search.[4]

If high unemployment dissuades potential workers from looking for jobs, then greater nonparticipation in the labor force should occur for blacks than for whites. Since the early 1950's the unemployment rate for blacks

has been about twice that of white workers (see Table 1). Moreover, since 1954 the unemployment among blacks has been continuously above the 6.0 percent "recession" level, widely regarded as a sing of serious economic weakness when prevalent for entire work forces.[5]

(TABLE 1 ABOUT HERE)

While unemployment rates have fallen sharply for most color and age-sex groups, the rate for Negro teenagers has remained between 25 and 30 percent. This means that about one out of every four black teenagers seeking work is unsuccessful.[6] In 1968 when white teenagers experienced an unemployment rate of 11.0 for nonwhite teenagers the figure was 25.0.

Unemployment is undoubtedly related to education, and the fact that the educational status of blacks has lagged behind that of whites explains in part the employment differentials. Yet, education is only a partial explanation, for inall education categories, nonwhite unemployment rates are larger than white rates (see Table 2). Since joblessness is more likely for the educated nonwhite than for the educated white, the result is a very poor situation for the nonwhite high school drop-out.

(TABLE 2 ABOUT HERE)

Looking only at labor force statistics, we find an employment picture for blacks that is more sobering than that for whites. To what extent does the addition of black nonparticipants make the situation even more grave? This is the problem the present discussion faces and explores.

METHODS AND DATA

The data reported in the analysis of nonparticipation are based on information published by the Bureau of Labor Statistics. While some limited information on persons not in the labor force has long been available, the Bureau now collects more detailed data than it did formerly. The information

on nonparticipation is taken from the nationwide survey conducted monthly for the Bureau of Labor Statistics by the Bureau of the Census. The entire sample in that monthly survey includes 50,000 households; the questions on nonparticipations are asked in only one-fourth of the households.[7]

While there may be several reasons why a given individual is not seeking work, only one reason is recorded per individual. Thus, when a person gives more than one explanation, the interviewer must decide the relative importance of each and list the reason likely to be the biggest obstacle. As the Flaim discussion indicates, there are guidelines for selecting one response when multiple answers are given.

The analysis we present is for male nonparticipants only. An earlier study of the same data revealed that "home responsibilities" accounted for most of the nonparticipation among women.[8] Thus, discouragement--the factor of most interest here--is not as likely to affect women as men. We also look at males because of the suggestion in the literature that it is the black male, more than the black female, who experiences social and personal difficulties because of employment problems.[9]

We discuss the trends and patterns evident in the data rather than the extent to which the white-nonwhite differences are statistically significant. Given the size of the sample, most differences could be shown to be statistically significant.[10] Yet, some of the significant differences may have little theoretical meaning.

FINDINGS

The findings seem to imply that blacks are more inclined to leave the job market prematurely than are whites. This is indicated by the fact that whites are more likely than blacks to report for each of the periods included

that they are retired from work or too old to work. In 1970 when 42 percent of the white respondents gave either "retirement" or "old age" as their principal explanation for inactivity, only 23 percent of the blacks answered similarly (see Table 3). It may be that the white worker completes a prescribed period of work and then withdraws from the labor market.

(TABLE 3 ABOUT HERE)

In contrast, the work life of the black is frequently interrupted by physical problems. For each of the given years, "ill health" appeared as a reason more frequently for blacks than for whites. In 1970, 24 percent of the blacks as compared with 16 percent of the whites attributed their nonparticipation to "ill health" or "disability". In 1969, the respective figures were 26 percent and 16 percent.

A linkage between employment and ill health in poverty-prone groups has been revealed in other studies. Based on an analysis of men in poverty neighborhoods, Willacy reports that in such areas participation in the job market is curbed by physical problems. She contends that poor diet, substandard living conditions, inadequate medical care and previous employment in low-skilled and often physically demanding occupations all contribute to the high disability rates of the economically impoverished.[11] The association between employment and health has important implications for efforts to elevate the black to a position from which he can take full advantage of legal equality. So long as opportunities for a healthy existence are restricted, exclusion from full social participation will occur, not because of overt discrimination, but because of physical incapacity.

Nonparticipation and the Desire for Work

The concept of "hidden unemployment" implies that a number of persons, while

not actively seeking work, do indeed wish jobs. The entire sample of nonparticipants includes many persons who are not interested in employment. Thus, if we are to examine the problem of hidden employment we must focus our attention on that element which expresses interest in employment. What inhibits the active search for employment in this group?

As may be seen from Table 3, a somewhat larger proportion of blacks than whites fall into the category "desire job now." In 1970, eight percent of the white nonparticipants wanted jobs whereas fourteen percent of the blacks indicated a desire for employment. This suggests that disinterest in employment explains white nonparticipation slightly better than it does black nonparticipation.

If a problem of hidden employment does exist, then we would anticipate a large number of discouraged persons among the nonparticipants who wish work. The inactive who are nonetheless interested in employment would, according to the notion of hidden employment, believe that they cannot get work. Is there disproportionate representation of blacks in the category of discouraged? Looking at the distribution of responses given by those desiring work, we find little difference between blacks and whites. Although for each period a few more blacks than whites felt they could not get jobs, this response was given by only 17 percent of the whites and 23 percent of the blacks in 1970 (see Table 4). Significantly, for no other period included here was the difference between blacks and whites as great as for 1970.

(TABLE 4 ABOUT HERE)

While the white-nonwhite differences for the response "think cannot get job" are not vast, one could maintain that discouragement, no matter how

minimal, is worthy of attention. Certainly, attempts to improve the economic position of any group must consider the impressions of the job market held by the members of that group. We now ask: Of those who believe they cannot secure employment, do the reasons for this belief vary by race?

Discouraged Nonparticipants

The Census data provide detailed explanations for the conviction, "think cannot get job." Age is likely to be regarded as an inhibiting factor by both blacks and whites, as reflected in the response, "employers think too young or old." (see Table 5). But whites are more likely than blacks to give this response. With respect to educational preparation, an interesting trend appears to be occurring; blacks are coming to see themselves as unprepared for the labor force. For the category, "could not find job," we find that more blacks than whites have had unprofitable experiences on the labor market. Thus, in 1970, 45 percent of the blacks, as compared with 38 percent of the whites were unable to find employment.

(TABLE 5 ABOUT HERE)

The results suggest that blacks have greater difficulty securing employment than do whites, a finding supported in research on Boston workers. That analysis of black and white workers found that the blacks searched more intensively and suffered higher rejection rates than did whites. Of the total sample, 60 percent of the blacks as compared with 31 percent of the whites reported making more than three attempts on an average job hunt. The author concludes: "Anticipation of discrimination, based on a rational appreciation of actual patterns of Negro employment effectively circumscribes the search of the majority of Negroes."[12] We find, however, that experience rather than anticipation differentiates black from white non-

participants. If anticipation of difficulties does curtail the job search of blacks, then we would expect greater representation from blacks than from whites among those who "think no job available." While for 1968 and 1970 a slightly larger percentage of blacks than whites did indicate that they thought no work was available, in 1969 the opposite obtained: 23 percent of the whites as against 20 percent of the blacks were in this response category (see Table 5).

Apparently, many blacks withdraw from the search for jobs because through experience they find the situation unrevarding. What might account for the failures encountered? Perhaps the most obvious would be racial discrimination: deliberate racist policies would restrict the job possibilities of blacks. Yet, there are other factors which should also be considered, for the difficulties blacks encounter on the labor market are not always the result of overt racism. One condition shown to affect the job alternatives available to blacks is the movement in urban areas of jobs to the fringes of the city. In many areas transportation difficulties impede the job search of inner city residents. Thus, because of immobility, the ghetto dweller is not able to take advantage of the opportuniteis developing on the fringes. The Boston study, previously cited, implies that the movement of jobs to the suburbs makes employment possibilities both geographically and psychologically remote for many inner city residents. The researcher found that these residents were disinclined to venture outside the contiguous community in their quest for work. They were reluctant, even when transportation was available, to explore those areas unfamiliar and possibly threatening.[13] The result is that the area of exploration is limited: within that area few job opportunities are likely.

There is yet another circumstance which places the central city resident in a disadvantageous position. The inhabitants of the core are unlikely to have informal contacts and channels of information about work openings. Although residents may, and do, utilize public sources of job information, they do not learn of the opportunities which are only informally communicated. Holland observes that young blacks are less likely than whites to have connections which lead to good jobs, and consequently suffer serious employment difficulties.[14]

Failure to find work may also be related to level of aspiration. While no substantial evidence exists, undoubtedly many young blacks are unwilling to accept the "Negro jobs" which may be open to them. Inability to find work may reflect changes in the aspirations of blacks, a problem which deserves closer scrutiny.

Hidden Unemployment

We noted initially the argument that hidden unemployment is greater among blacks than among whites since the former are more likely to have unfavorable impressions of and unprofitable experiences on the labor market. The findings reported here give no overwhelming support to the argument. Few notable differences exist between blacks and whites insofar as their reasons for nonparticipation are concerned. In both groups, the student status explains the inactivity of otherwise eligible workers. Ill health, while more important for blacks than whites in terms of the total sample, does not sharply divide blacks from whites in that segment which desires work. Does this imply that the employment difficulties, especially the hidden unemployment of blacks have been overstated? We think not and suggest in the concluding section some implications which the results might

have for analysis of the black man's place in American society.

CONCLUSIONS

The Kerner Commission Report states:

> The capacity to obtain and hold a 'good job' is the traditional test of participation in American society. Steady employment with adequate compensation provides both purchasing power and social status. It develops the capabilities, confidence, and self-esteem an individual needs to be a responsible citizen.[13]

If work makes one a full participant, then obviously large numbers of blacks remain on the periphery of American society. We have not found the nonparticipation of blacks to be attributable principally to a belief that work is not available. Instead, inactivity results from forces which, for the individuals involved, seem uncontrollable. Physical incapacity, not limited training, is viewed as a factor inhibiting labor force participation. Noninvolvement in the world of work stems less from a disinterest in work than from difficulties in securing employment. While on many dimensions the differences are minimal, black nonparticipants do differ from white nonparticipants insofar as their experiences on the labor market are concerned. As indicated earlier, the white is inactive because he has retired: the black has often been forced out because of physical problems. The white nonparticipant thinks work may not be available; the experience of the black, not his guesses, convince him that he cannot easily penetrate the job market. Although hidden unemployment does not seem to plague the black population with significantly greater severity than it does the white, we do not regard the analysis presented here as the final word. So long as many black males are undercounted and underrepresented in official data on the population, we cannot know the full extent of the employment problems for this segment. Moreover, a problem no matter how few it involves, deserves attention and concern.

FOOTNOTES

1. Report of the National Advisory Commission on Civil Disorders, New York: The New York Times Company, 1968, p. 203.

2. The labor force consists of employed and unemployed persons. To be counted as unemployed one must be out of work and looking for work or waiting to be called back to a job from which he was temporarily dismissed. The concept of unemployed places emphasis on the current and active search for work. Richard Wilcock, "Who Are The Unemployed?" in Joseph Becker (ed.), In Aid of the Unemployed, Baltimore: The Johns Hopkins Press, 1965, p. 27.

3. Harold Sheppard and Herbert Striner, Civil Rights, Employment and the Social Status of American Negroes, Kalamazoo, Michigan: W. E. Upjohn Institute for Employment Research, June 1966, p. 6.

4. William G. Bowen and T. A. Finegan, "Labor Force Participation and Unemployment," in Arthur Ross (ed.), Employment Policy and the Labor Market, Berkeley: University of California Press, 1965, pp. 115-161.

5. We have used the terms "black" and "nonwhite" interchangeably since, although there are other nonwhite groups, blacks constitute about 92 percent of the nonwhite population. For further discussion on employment differentials, see Rashi Fein, "An Economic and Social Profile of the Negro American," in Talcott Parsons and Kenneth Clark (eds.), The Negro American, Boston: Beacon Press, 1965, pp. 114-116.

6. Susan Holland, "The Employment Situation for Negroes," Employment and Earnings, 14, (September, 1967), 11-19.

7. For information on the procedures and the data reported here see Paul Flaim, "New Data on Persons not in the Labor Force," Employment and Earnings, 16, (December, 1969), pp. 4-17.

8. Paul Flaim, Persons not in the Labor Force: Who They Are, and Why They Don't Work," Monthly Labor Review, 92, (July, 1969), pp. 3-14.

9. This view is especially evident in the so-called Moynihan Report. See The Negro Family: The Case for National Action, U.S. Department of Labor March, 1965. Also see Andrew Billingsley, Black Families in White America, Englewood Cliffs: Prentice-Hall, 1968, especially pp. 23-31.

10. As Blalock notes, ". . .the significance level attained depends on the size of the samples used. If the samples are very large it is generally very easy to establish significance for even a very slight relationship." Hubert Blalock, Social Statistics, New York: McGraw-Hill, 1960, p. 225.

11. Hazel Willacy, "Men in Poverty Neighborhoods: A Status Report," Monthly Labor Review, 92,(February, 1969), p. 24.

12. Alice Kidder, "Racial Differences in Job Search and Wages," Monthly Labor Review, 91, (July, 1968), p. 25.

13. Ibid.

14. Holland, op. cit.

15. Report of the National Advisory Commission on Civil Disorders, op. cit. p. 252.

TABLE 1. UNEMPLOYMENT RATES, 1949-1970, BY RACE

YEAR	NONWHITE	WHITE	RATIO: WHITE TO NONWHITE
1949	8.9	5.6	1.6
1950	9.0	4.9	1.8
1951	5.3	3.1	1.7
1952	5.4	2.8	1.9
1953	4.5	2.7	1.7
1954	9.9	5.0	2.0
1955	8.7	3.9	2.2
1956	8.3	3.6	2.3
1957	7.9	3.8	2.1
1958	12.6	6.1	2.1
1959	10.7	4.8	2.2
1960	10.2	4.9	2.1
1961	12.4	6.0	2.1
1962	10.9	4.9	2.2
1963	10.8	5.0	2.2
1964	9.6	4.6	2.1
1965	8.1	4.1	2.0
1966	7.3	3.3	2.2
1967	7.4	3.4	2.2
1968	6.7	3.2	2.1
1969	6.4	3.1	2.0
1970	8.2	4.5	1.8

NOTE: The unemployment rate is the percent unemployed in the civilian labor force.

Source: U.S. Department of Labor, Bureau of Labor Statistics

TABLE 2. UNEMPLOYMENT RATE, PERSONS 18 AND OVER, BY COLOR AND YEARS OF SCHOOL COMPLETED, SELECTED YEARS, MARCH 1962-68

Years of school completed and color	Unemployment rate for selected years			
	1962	1964	1966	1968
Unemployment Rate, Total Sample	6.0	5.5	3.7	3.4
Elementary: 8 years or less:				
White	7.1	7.2	4.7	4.1
Nonwhite	11.7	9.4	6.3	5.4
High school: 1-3 years:				
White	7.2	6.4	4.5	4.6
Nonwhite	15.3	12.5	9.7	9.8
High school: 4 years or more:				
White	3.7	3.7	2.4	2.3
Nonwhite	10.3	8.8	6.1	5.4
4 Years:				
White	4.6	4.3	2.8	2.7
Nonwhite	12.4	10.1	7.0	6.7
1 year college or more:				
White	2.4	2.6	1.8	1.7
Nonwhite	6.1	6.5	4.3	2.8
Median school years completed:				
White	10.9	11.2	11.5	11.9
Nonwhite	9.6	10.1	10.5	10.8

Source: Elizabeth Waldman, "Educational Attainment of Workers," Monthly Labor Review, 92, (February, 1969), p. 8.

TABLE 3. REASONS FOR NONPARTICIPATION IN THE LABOR FORCE, WHITE-NONWHITE MALES, 1968-70

Reasons	1968 White	1968 Non-White	1969 White	1969 Non-White	1970 White	1970 Non-White
In School	28.1	32.2	27.7	32.6	27.1	32.0
Ill Health, disability	15.8	28.0	16.1	26.0	16.3	23.7
Home Responsibilities	1.4	1.4	1.4	1.6	1.6	2.2
Retirement, Old Age	42.7	22.5	42.7	22.6	42.2	23.1
Think Cannot Get Job	1.5	3.2	1.3	2.4	1.5	3.3
All Other Reasons	10.6	12.5	10.7	14.7	11.2	15.5
Percent	100.0	100.0	100.0	100.0	100.0	100.0
TOTAL (In Thousands)	43,452	5,371	44,654	6,034	45,900	6,360
"Nonparticipants who desire job now"						
TOTAL (In Thousands)	4,079	1,004	4,100	927	3,884	924
Percent of total nonparticipants	9.4	17.5	9.2	15.4	8.5	14.5

NOTE: Because of rounding, sums of individual items may not equal 100 percent.

TABLE 4. REASONS FOR NONPARTICIPATION AMONG THOSE DESIRING WORK NOW, WHITE-NONWHITE MALES, 1968-70

Reasons	1968		1969		1970	
	White	Non-White	White	Non-White	White	Non-White
In School	47.7	45.4	44.6	47.7	48.3	41.1
Ill Health, Disability	20.6	25.1	21.8	22.9	16.4	21.0
Think Cannot Get Job	16.2	18.3	14.3	15.6	17.3	22.8
All Other Reasons	16.0	10.8	19.3	13.8	17.9	15.0
Percent	100.0	100.0	100.0	100.0	100.0	100.0
TOTAL (In Thousands)	4,097	1,004	4,100	927	3,884	924

NOTE: Because of rounding, sums of individual items may not equal 100 percent.

TABLE 5. DETAILED REASONS FOR "THINK CANNOT GET JOB" FOR THOSE DESIRING WORK, WHITE-NONWHITE MALES, 1968-70

Reasons	1968		1969		1970	
	White	Non-White	White	Non-White	White	Non-White
Employers think too young or old	42.2	23.9	39.6	25.5	29.9	12.7
Lacks education or training	8.4	6.5	6.6	11.0	5.2	9.0
Other personal handicap	6.0	8.9	7.1	4.8	6.1	6.1
Could not find job	18.1	34.8	23.1	38.6	37.9	45.3
Thinks no job available	25.3	28.3	23.3	20.0	22.4	27/4
Percent	100.0	100.0	100.0	100.0	100.0	100.0
TOTAL (In thousands)	664	186	588	145r	675	212

NOTE: Because of rounding, sums of individual items may not equal 100 percent.